

This PUBLIC BILL originated in the HOUSE OF REPRESENTATIVES, and, having this day passed as now printed, is transmitted to the LEGISLATIVE COUNCIL for its concurrence.

House of Representatives.

9th August, 1907.

Rt. Hon. Sir J. G. Ward.

RESERVE FUND SECURITIES.

ANALYSIS.

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A BILL INTITULED

AN ACT to make Provision for the Purchase by the New Zealand Government of Securities to be held for the Purpose of Hypothecation.

5 WHEREAS for many years the Government of New Zealand has been in possession of certain debentures to the amount of eight hundred thousand pounds authorised by the Immigration and Public Works Loan Act, 1870, and guaranteed by the Imperial Parliament: And whereas the said debentures were used for the purpose of hypothecation from time to time as a security for moneys raised thereon: And whereas the said debentures have now matured, and are no longer available for this purpose, and it is expedient to provide other securities which may be used in the same manner, as the requirements of the public service may from time to time demand:

BE IT THEREFORE ENACTED by the General Assembly of New Zealand in Parliament assembled, and by the authority of the same, as follows:—

1. This Act may be cited as the Reserve Fund Securities Act, 1907.

2. This Act shall be deemed to be an authorising Act within the meaning of the New Zealand Loans Act, 1904, and the moneys hereinafter in the *next succeeding* section authorised to be raised shall be raised under and subject to the provisions of that Act accordingly.

3. (1.) The Colonial Treasurer is hereby authorised to raise, on the security of and charged upon the public revenues of New Zealand, such sums of money not exceeding in the whole the sum of eight hundred thousand pounds as he thinks fit.

(2.) The sums so raised shall bear interest at such rate not exceeding four and a half per centum per annum as the Colonial Treasurer prescribes.

Money so raised to be invested by Colonial Treasurer.

(3.) All moneys so raised under the authority of this Act shall be invested by and at the discretion of the Colonial Treasurer in the purchase of such stock, bonds, debentures, or other like securities as he thinks fit.

(4.) The Colonial Treasurer may from time to time sell any securities so purchased, and invest the proceeds of such sale in the purchase of any other securities authorised by this Act.

(5.) All interest received from any securities purchased under the authority of this Act shall be paid into the Public Account and shall form part of the Consolidated Fund. 10

(6.) All interest payable in respect of moneys so raised under the authority of this Act shall be paid out of the Consolidated Fund without further appropriation than this Act.

Reserve Fund Account.

(7.) All moneys so raised under the authority of this Act shall, pending investment thereof in manner aforesaid, be paid into the Public Account to the credit of a separate account to be called the Reserve Fund Account. 15

Securities to be deposited with custodians.

4. All securities purchased under the authority of this Act shall be deposited with the custodians of public securities appointed under the Public Securities Act, 1895, and shall be dealt with by the said custodians as the Colonial Treasurer from time to time directs. 20

Borrowing-powers.

5. (1.) The Colonial Treasurer may from time to time, and without other authority than this Act, borrow on the security of the said securities such sums of money as he thinks fit, but so that the aggregate amount so borrowed and still unpaid shall at no time exceed the sum of eight hundred thousand pounds, and he may from time to time pledge or hypothecate the said securities by way of security for the sums so borrowed. 25

(2.) All moneys so borrowed shall be paid into the Public Account to the credit of such funds or accounts as in the opinion of the Colonial Treasurer the needs of the public service require. 30

(3.) When and as often as the said securities are redeemed, they shall be again deposited with the aforesaid custodians to be dealt with by them in manner aforesaid.

Colonial Treasurer may for purposes of this Act appoint agents outside New Zealand.

6. The Colonial Treasurer may from time to time for the purposes of this Act appoint such agent or agents outside New Zealand as he thinks fit, and any such agent or agents may exercise on behalf of the Colonial Treasurer such of the powers conferred upon him by this Act as he from time to time directs. 35

Validity of pledge or hypothecation of securities not affected by want of authority of custodians or agent.

7. No person receiving from the aforesaid custodians or agents, or any of them, any of the said securities by way of pledge or hypothecation shall be concerned to inquire into the authority of the said custodians or agents so to deliver the same, nor shall the validity of any such pledge or hypothecation be affected by the want of such authority. 40

Repeal.

8. Section sixteen of the Public Revenues Act, 1882, is hereby repealed. 45